

## BONDED DEBT

Municipalities in New Mexico have two principal sources for borrowing funds to generate revenues for municipal improvements.

### 1. General Obligation Bonds

General obligation bonds pledge the full faith and credit of the municipality and are paid through assessment of property taxes. Property tax is based, as determined by the County Assessor, on an assessed valuation which is one-third of full market value. Both real and personal property are subject to taxation. The city of Santa Fe enjoys one of the lowest property tax rates in the state of New Mexico as illustrated in the following table:

#### TEN LARGEST CITIES IN NEW MEXICO

CITY	2000 POPULATION	2001 ASSESSED VALUATION	*TOTAL TAX RATES	
			RESIDENTIAL	NON-RESIDENTIAL
Alamogordo	28,411	\$ 293,733,871	\$ 28.440	\$ 35.612
Albuquerque	420,578	7,289,625,807	37.726	44.132
Carlsbad	26,262	227,280,277	20.403	22.396
Clovis	31,504	272,053,402	26.096	26.101
Farmington	40,599	520,987,751	25.127	27.858
Hobbs	26,898	200,256,516	23.711	25.185
Las Cruces	75,786	974,843,147	27.531	32.593
Rio Rancho	52,012	765,460,267	28.212	30.417
Roswell	47,644	368,165,243	26.450	31.184
SANTA FE	69,100	2,021,559,757	18.670	24.264

\* Per \$1,000 of assessed valuation

Note: Population data from 2000 U.S. Census.

All general obligation bond issues must be decided by referendum and approval of the voters. The city's current estimated general obligation allowable bond capacity is computed as follows:

Assessed Valuation (2001)	\$ 2,021,559,757
Debt Percentage	_____ .04
Debt Limit	80,862,390
Less: Outstanding General Obligation Bonds	_____ -0-
General Obligation Debt Capacity	\$ 74,505,727

General obligation bond issues related to water and sewer projects have an unlimited capacity.

The city of Santa Fe retired its last general obligation bond debt on July 1, 1989. The city has not issued general obligation bonds since 1980. This occurred because the city shifted its bonded indebtedness to gross receipts tax revenue bonds beginning in 1982; however, general obligation debt capacity remains a substantial untapped resource for future capital and infrastructure needs.

## 2. Revenue Bonds

Revenue bonds pledge specific recurring revenue sources of the municipality, most commonly the city's gross receipts tax. Revenue bond issues are enacted by action of the Governing Body and do not require voter approval.

## 3. Industrial Revenue Bonds

In addition to these resources, cities are also authorized to issue industrial revenue bonds. Industrial revenue bonds are tax exempt bonds issued by a municipality but do not pledge any city revenue or the full faith and credit of the municipality. All liability for repayment of these bonds is the exclusive responsibility of the private project applicant. In determining the desirability of an industrial revenue bond project, the city considers three elements:

- 1) Project land use, plan and design elements,
- 2) Community economic benefits, and
- 3) Project feasibility

The city has a number of these conduit bonds; however, they do not affect the financial resources or budget of the city.

## BOND ISSUES—ENTERPRISE FUND BONDS

### 1. Bond Payable from Enterprise Funds

- a. The Refuse Disposal System Improvement net Revenue Bonds, Series January 1, 1996, issue amount \$730,000; Series September 1, 1996, issue amount \$2,375,000; and Series April 1, 1998, issue amount \$2,740,000 were for the purpose of funding equipment purchases for the city's refuse disposal system. These bonds are to be paid solely from the net revenues derived from the operations of the refuse disposal system.
- b. The Water Revenue Bonds, Series December 1, 1995 issue amount \$77,940,000 were for the purpose of refinancing the initial water revenue bonds revenues providing funds for acquiring, maintaining and equipping or otherwise improving the city's water system, funding capitalized interest and a reserve fund, and paying certain costs of issuance. Principal and interest are payable from net water revenues which consists of all income and revenue directly or indirectly derived from the operating and use of the water system, less operating and maintenance expenses. The refinancing was initiated to restructure the bonds to shorten the term, reduce interest costs and release the reserve fund.

## GROSS RECEIPTS & TAX REVENUE BONDS

1. Gross Receipts Tax Revenue Bonds
  - a. Subordinate Lien Gross Receipts Tax Bond Issues, Series November 15, 1995A, issue amount \$7,155,000 and Series November 15, 1995B, issue amount \$7,160,000 - This issue was to secure funds for the acquisition of city land known as the railyard property.
  - b. Gross Receipts Tax Refunding Revenue Bond Issue, Series September 15, 1996A issue amount \$20,910,000 and Series September 15, 1996B issue amount \$19,080,000 - These issues were to secure funds for the purpose of refunding the city's Gross Receipts Tax Revenue Bonds, Series July 1, 1994, and the loan agreement dated as of July 1, 1995, between the city and the New Mexico Finance Authority.
  - c. Gross Receipts Tax Improvement Revenue Bond, Series 2002, amount \$17,995,000, was for the purpose of capital improvements projects relating to the City's public utilities, public works, and parks and recreation services.
  - d. Municipal Recreation Complex/Gross Receipts Tax Revenue Bond Issue, Series September 15, 1996, amount \$13,295,000 - This issue was to secure funds for the construction of Municipal Recreation Complex.
  - e. Gross Receipts Tax Refunding and Improvement Revenue Bond Issue, Series 1997A, issue amount \$22,000,000 - This issue was to secure funds for the purpose of refunding, refinancing, discharging and paying off that portion of the city's Gross Receipts Tax Refunding and Improvement Revenue Bonds, Series January 15, 1994, maturing in 1999, 2000, 2001 and 2002 and to provide funds for city projects.
  - f. Gross Receipts Tax (Subordinate Lien) Wastewater System Variable Rate Revenue Bond Issue, Series 1997B, issue amount \$20,800,000 – This issue was to secure funds for the purpose of improving the wastewater plant and the sewerline collection system.
  - g. Gross Receipts Tax Improvement Revenue Bonds, Series 1999, \$18,500,000. Bonds mature in 2000, 2001, 2005, 2006, 2007, 2008, 2009, 2010, 2011, and 2012 - This issue was to secure funds for city projects. No principal is payable in FY 2002/03.